

Gartner Danmark ApS

Kalvebod Brygge 45, 3.
1560 København V
Denmark

CVR no. 12 51 68 35

Annual report 2019

The annual report was presented and approved at the
Company's annual general meeting on

21 May 2020

Paola Farina
chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Gartner Danmark ApS for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 21 May 2020
Executive Board:

Elin Gaare Ronesen

Board of Directors:

Paola Farina
Chairman

Elin Gaare Ronesen

Craig Warren Safian

Independent auditor's report

To the shareholder of Gartner Danmark ApS

Opinion

We have audited the financial statements of Gartner Danmark ApS for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21 May 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised
Public Accountant
mne34459

Gartner Danmark ApS
Annual report 2019
CVR no. 12 51 68 35

Management's review

Company details

Gartner Danmark ApS
Kalvebod Brygge 45, 3.
1560 København V
Denmark

Telephone:	+45 45 58 64 00
Website:	www.gartner.com
E-mail:	gartner.danmark@gartner.com

CVR no.:	12 51 68 35
Established:	1 September 1988
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Paola Farina, Chairman
Elin Gaare Ronesen
Craig Warren Safian

Executive Board

Elin Gaare Ronesen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Gross margin	108,152	79,809	74,852	55,214	55,584
Operating profit	11,463	4,150	7,355	8,131	13,411
Profit/loss from financial income and expenses	-130	-401	-456	-576	-53
Profit for the year	8,684	3,500	5,353	5,706	10,017
Ratios					
Return on assets	9.1%	4.1%	8.3%	9.0%	16.6%
Return on equity	45.4%	23.7%	37.2%	27.3%	47.6%
Equity ratio	16.2%	14.2%	15.4%	17.2%	29.3%
Average number of employees					
	54	48	40	35	33

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Equity ratio	$\frac{\text{Closing equity} \times 100}{\text{Equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

Gartner Danmark ApS is part of the world's leading information technology research and advisory company. We deliver technology-related insight necessary for our clients to make the right decisions every day.

Development in activities and financial position

Profit for the year

The income statement for 2019 shows a profit of DKK 8,684 thousand against a profit of DKK 3,500 thousand in 2018, and the balance sheet at 31 December 2019 shows equity of DKK 21,722 thousand against DKK 16,538 at 31 December 2018.

The Company realised a growth in operations in 2019, with an increase in revenue of 29% on 2018.

The growth in revenue and profitability in 2019 is above expectations and considered satisfactory.

Outlook

The effect that the coronavirus pandemic is having on the economy may impact companies' business. However, the ongoing impact of COVID-19 on Gartner's business remains difficult to project given uncertainty related to its magnitude, duration, geographic reach and impact on the global economy.

Gartner is implementing several cost-reduction programmes which are expected to yield cost savings. The programmes implemented reduce travel activities, new hiring and capital expenditure.

The Company expects to report a decrease in revenue and profit for the year for 2020 as a consequence of the effects of COVID-19.

Events after the balance sheet date

No events have occurred after the balance sheet date that may significantly affect the Company's financial position.

Environmental matters

We seek to minimize Gartner Danmark's environmental footprint and to conduct our business in a socially responsible manner. Both the working environment and the external environment are monitored.

Particular risks

Operating risks

The Company has no particular risk apart from the usual operating risk within the business.

Management's review

Operating review

Financial risks

As a result of its business, the Company is exposed to changes in exchange rates and interest level. The parent group controls the financial risks in the group centrally and coordinates the cash management of the group.

Intellectual capital

Gartner Danmark ApS aims to attract and retain talented employees with relevant knowledge and experience within their competencies to maintain and further develop our business and intellectual capital.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit		108,152	79,809
Staff costs	2	-96,008	-74,979
Depreciation and impairment losses	3	-681	-680
Operating profit		11,463	4,150
Financial income	4	127	805
Financial expenses		-257	-404
Profit before tax		11,333	4,551
Tax on profit for the year		-2,649	-1,051
Profit for the year	5	8,684	3,500

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Property, plant and equipment	3		
Fixtures and fittings, tools and equipment		1,022	1,175
Leasehold improvements		<u>426</u>	<u>721</u>
		<u>1,448</u>	<u>1,896</u>
Financial assets			
Deposits	6	<u>592</u>	<u>582</u>
Total fixed assets		<u>2,040</u>	<u>2,478</u>
Current assets			
Receivables			
Trade receivables		46,575	49,519
Receivables from group entities		527	41,743
Construction contracts	7	20,818	11,765
Other receivables		0	152
Corporation tax		0	1,205
Prepayments	8	<u>4,123</u>	<u>3,117</u>
		<u>72,043</u>	<u>107,501</u>
Cash at bank and in hand		<u>60,277</u>	<u>6,836</u>
Total current assets		<u>132,320</u>	<u>114,337</u>
TOTAL ASSETS		<u><u>134,360</u></u>	<u><u>116,815</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		675	675
Retained earnings		15,047	12,363
Proposed dividends for the financial year		6,000	3,500
Total equity		21,722	16,538
Provisions			
Provisions for deferred tax	9	2,197	1,378
Total provisions		2,197	1,378
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other payables		1,392	0
Current liabilities other than provisions			
Construction contracts	7	1,406	3,191
Prepayments received from customers		15,819	10,034
Trade payables		335	212
Payables to group entities		14,903	16,612
Corporation tax		633	0
Other payables		17,864	17,224
Deferred income	10	58,089	51,626
		109,049	98,899
Total liabilities other than provisions		110,441	98,899
TOTAL EQUITY AND LIABILITIES		134,360	116,815
Contractual obligations, contingencies, etc.			
Related party disclosures	11 12		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2019	675	12,363	3,500	16,538
Ordinary dividends paid	0	0	-3,500	-3,500
Transferred over the profit appropriation	0	2,684	6,000	8,684
Equity at 31 December 2019	675	15,047	6,000	21,722

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Gartner Danmark ApS for 2019 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reclassifications in the comparative financial statements for 2018 have been incorporated to enhance presentation. The reclassifications have no effect on profit for the year. The financial ratios have been updated accordingly.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Gartner Inc., Stamford, USA.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the items revenue, cost of sales, other external expenses and other operating income are aggregated into one item designated gross profit.

Revenue

Income from the sale of information technology and advisory-related services is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Our revenue by significant source is accounted for as follows:

- Research revenue is mainly derived from subscription contracts for research products. The related revenue is deferred and recognised ratably over the applicable contract term. Fees derived from assisting organisations in selecting the right business software for their needs are recognised when the leads are provided to vendors.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

- Conference revenue is deferred and recognised upon the completion of the related conference or meeting.
- Consulting revenue is principally generated from fixed fee and time and materials engagements. Revenue from fixed fee contracts is recognised as we work to satisfy our performance obligations. Revenue from time and materials engagements is recognised as work is delivered and/or services are provided.

Revenue related to contract optimisation engagements is contingent in nature and is only recognised upon satisfaction of all conditions related to their payment.

The majority of our research contracts are billable upon signing. Research contracts are generally non-cancelable and non-refundable, except for government contracts that may have cancellation or fiscal funding clauses.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sales, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of property, plant and equipment.

Staff costs

Staff costs include wages and salaries, including holiday pay and pensions, incentive programmes as well as other social security contributions, etc., made to the Company's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding payables and transactions denominated in foreign currencies, amortisation of financial liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is cost.

The expected useful lives of the assets are as follows:

Leasehold improvements	5 years
Fixtures and fittings, tools and equipment	3-8 years

Financial assets

Deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is calculated on the basis of the stage of completion at the balance sheet date and the projected income from the relevant contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual work.

When the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual contract work is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise total work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise total work in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Leases

As of the balance sheet date, the Company solely operates with operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2019	2018
Wages and salaries	89,058	68,733
Pensions	5,789	5,293
Other social security costs	100	183
Other staff costs	1,061	770
	<u>96,008</u>	<u>74,979</u>
Average number of full-time employees	<u>54</u>	<u>48</u>

With reference to section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration for the Executive Board and the Board of Directors.

Incentive schemes

All employees can sign up for Employee Stock Purchase Program (ESPP), vesting them with the right to purchase Gartner shares at a 5% discount compared to the market price at the date of purchase.

Employees can purchase shares for up to 10% of their monthly salary after tax. The programme is limited to a maximum amount that is adjusted quarterly.

3 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvement	Total
Cost at 1 January 2019	2,989	1,415	4,404
Additions for the year	233	0	233
Cost at 31 December 2019	<u>3,222</u>	<u>1,415</u>	<u>4,637</u>
Depreciation and impairment losses at 1 January 2019	-1,814	-694	-2,508
Depreciation for the year	-386	-295	-681
Depreciation and impairment losses at 31 December 2019	<u>-2,200</u>	<u>-989</u>	<u>-3,189</u>
Carrying amount at 31 December 2019	<u>1,022</u>	<u>426</u>	<u>1,448</u>

4 Financial income

DKK'000	2019	2018
Interest income from group entities	15	4
Other financial income	112	801
	<u>127</u>	<u>805</u>

Financial statements 1 January – 31 December

Notes

	DKK'000	2019	2018
5 Proposed profit appropriation			
Proposed dividends for the year		6,000	3,500
Retained earnings		2,684	0
		<u>8,684</u>	<u>3,500</u>
6 Deposits			
Deposits at 1 January 2019		582	547
Additions		<u>10</u>	<u>35</u>
Carrying amount at 31 December 2019		<u>592</u>	<u>582</u>
7 Construction contracts			
Selling price of work performed		50,962	26,005
Progress billings		<u>-31,550</u>	<u>-17,431</u>
		<u>19,412</u>	<u>8,574</u>
recognised as follows:			
Contract work in progress (assets)		20,818	11,765
Contract work in progress (liabilities)		<u>-1,406</u>	<u>-3,191</u>
		<u>19,412</u>	<u>8,574</u>
8 Prepayments			
Prepayments comprise prepaid commission of DKK 3,325 thousand (2018: DKK 3,021 thousand) and other prepaid costs of DKK 798 thousand (2018: DKK 96 thousand).			
	DKK'000	2019	2018
9 Provision for deferred tax			
Deferred tax at 1 January		1,378	1,044
Deferred tax adjustment for the year in the income statement		<u>819</u>	<u>334</u>
		<u>2,197</u>	<u>1,378</u>
Provision for deferred tax mainly relates to time differences on property, plant and equipment, prepayments and other payables.			
10 Deferred income			
Deferred income consists of payments in respect of income in subsequent years.			

Financial statements 1 January – 31 December

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11 Contractual obligations, contingencies, etc.

Operating lease obligations

Rent and lease liabilities include a rent obligation totalling DKK 2,938 thousand (2018: DKK 3,728 thousand) regarding non-cancellable rent agreements with a remaining term of 17 months. Furthermore, the Company has lease obligations totalling DKK 609 thousand (2018: DKK 1,156 thousand) with the last payment in 2021.

12 Related party disclosures

Gartner Danmark ApS' related parties comprise the following:

Control

Gartner Europe Holdings B.V., Amsterdam, the Netherlands.

Gartner Europe Holdings B.V. exercises control through holding a majority of the contributed capital in Gartner Danmark ApS.

Related party transactions

DKK'000	2019	2018
Purchase of services from group companies	-76,020	-58,156
Sale of services to group companies	28,673	20,167
Dividends to parent company	-3,500	0
	<u>-50,847</u>	<u>-37,989</u>

Payables and receivables to group entities are disclosed in the balance sheet, and interest income is disclosed in note 4 to the financial statements.

By reference to section 98b(3), (ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed.

Consolidated financial statements

Gartner Danmark ApS is part of the consolidated financial statements of Gartner Inc., Stamford, USA, which is both the smallest and largest group, which prepares consolidated financial statements, in which Gartner Danmark ApS is included as a subsidiary.

The consolidated financial statements for 2019 can be obtained by contacting the ultimate parent company, Gartner Inc., Stamford, USA.